RECORD AND BRIEFS

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IN THE

Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC,

Petitioner,

v.

GREENE'S ENERGY GROUP, LLC, ET AL.,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF SAP AMERICA, INC., GILEAD SCIENCES, INC., NAUTILUS, INC., ELECTRONIC TRANSACTIONS ASSOCIATION, FINANCIAL SERVICES ROUNDTABLE, AND XILINX, INC. AS AMICI CURIAE IN SUPPORT OF RESPONDENTS

Andrew M. Mason
John D. Vandenberg
Counsel of Record
KLARQUIST SPARKMAN, LLP
121 SW Salmon St., Ste. 1600
Portland, OR 97204
503-595-5300
john.vandenberg@klarquist.com

Attorneys for the Amici Curiae

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INTEREST OF AMICI CURIAE[1]

SAP America, Inc. was the first party to file a petition under the America Invents Act and has filed dozens more since. SAP is a leading technology company developing computer software and computer-based business solutions. SAP is an innovative business that seeks patents on its inventions, licenses its patents to others, and obtains licenses under others' patents. SAP is a frequent target of costly infringement lawsuits based on patents of no merit.

Gilead Sciences, Inc. is a biopharmaceutical company that discovers, develops and commercializes innovative therapeutics in areas of unmet medical need. The company's mission is to advance the care of patients suffering from life-threatening diseases. Gilead obtains patents on its innovations and has responded to petitions for inter partes review of several of its patents. It also has filed four petitions for inter partes review in connection with litigation filed by a patent owner, which are now pending.

Nautilus, Inc. is a U.S. based company that develops and markets fitness equipment under some of the most recognized brand names in the fitness industry: Nautilus®, Bowflex®, Schwinn®, Universal®,

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[1] All parties have consented to the filing of this brief. No counsel for any party authored this brief in whole or in part, and no entity, other than amici, or their counsel, made a monetary contribution to the preparation or submission of this brief.

and Octane Fitness®. Nautilus is committed to providing innovative, quality solutions to help people achieve their fitness goals through a fit and healthy lifestyle. Nautilus obtains patents on its innovations and has responded to requests for inter partes review of its patents. It has also filed requests for inter partes review, currently pending, and has been subjected to costly patent infringement lawsuits on patents that lack merit.

Electronic Transactions Association ("ETA") is an international trade association representing more than 550 companies that offer electronic transaction processing products and services. ETA's membership spans the breadth of the payments industry, from independent sales organizations to financial institutions, from transaction processors to mobile payment technologies and equipment suppliers. Several of its members have used inter partes review to challenge wrongly issued patents in response to costly litigation.

The Financial Services Roundtable represents the largest integrated financial services companies providing banking, insurance, payment and investment products and services to the American consumer. FSR member companies provide fuel for America's economic engine, accounting for $92.7 trillion in managed assets, $1.2 trillion in revenue, and 2.3 million jobs. Several of its members have used inter partes review to challenge wrongly issued patents.

Xilinx, Inc. is a fabless semiconductor company that is the leading provider of All Programmable solutions. The company's products enable a wide variety of applications and power industry advancements in cloud computing, embedded vision, industrial IoT, 5G wireless, and more. Xilinx's success depends on continuous innovation and the protection of its intellectual property afforded by a strong patent system. Xilinx has participated in several inter partes review proceedings, both as a patent owner and as a petitioner, and believes the process is invaluable to ensuring only valid patents are enforced.

SUMMARY OF ARGUMENT

Since 1980, the Patent Office has issued more than 10,000 reexamination certificates canceling, amending, adding, or confirming claims of issued patents. Inter partes review is substantively identical to reexamination, enforcing the same patentability conditions and issuing the same certificates canceling, amending, adding or confirming claims. Like reexamination, inter partes review is a rational condition the Legislature has imposed to maintain a patent, pursuant to its Constitutional authority to grant patents "for limited Times" to promote the useful Arts. Since 1980, every patent applicant has consented to the substance of this reexamination as a maintenance condition for each granted patent.

ARGUMENT

I. The Patent Office Has Completed More Than 10,000 Reexaminations Of Issued Patents Since 1980.

Petitioner does not challenge the constitutionality of the patent reexamination statute enacted in 1980. Act of Dec. 12, 1980, Pub. L. No. 96-517, § 1, 94 Stat. 3015 (codified as amended at 35 U.S.C. Ch. 30). Under this statute, the Patent Office has issued more than 10,000 certificates canceling, amending, adding, or confirming claims of an issued patent. *See* U.S. Patent & Trademark Office, *Ex Parte Reexamination Historical Statistics* at 2 (Sept. 30, 2016), https://www.uspto.gov/sites/default/files/documents/ex_parte_historical_stats_roll_up.pdf.

II. Inter Partes Review Is Substantively Identical To Reexamination.

An inter parties review is substantively identical to a reexamination.

The end result is identical. The result of an inter partes review is a certificate canceling, amending, adding, or confirming patent claims: "the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable." 35 U.S.C. § 318(b). That is the identical result of a reexamination: "the Director will issue and publish a

certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable." *Id.* § 307(a).

The substantive patentability review is identical also, both in the Patent Office and the Federal Circuit. In each, the issued claims are evaluated under only the same two "conditions for patentability," 35 U.S.C. §§ 102 (anticipation) and 103 (obviousness), and in light of only "prior art consisting of patents or printed publications." 35 U.S.C. §§ 301(a), 302 (reexamination), § 311(b) (inter partes review). In each, the Patent Office and Federal Circuit apply the identical body of substantive patent law.

The claim construction rules are identical as well. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2145 (2016) (both apply a "broadest reasonable interpretation" of the claims).

III. Like Reexamination, Inter Partes Review Is A Condition To Maintain A Patent.

The Constitution grants Congress power to legislate to "promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. Art. I, § 8, cl. 8. This grant authorizes Congress to set the conditions for issuing a patent and maintaining it "for limited Times." This "limited Times" provision grants Congress broad powers to control the term of an individual patent. Congress, for example, has the

authority to extend the term of an already issued patent, retrospectively. *See Eldred v. Ashcroft*, 537 U.S. 186, 201-02 (2003).

In 1980, Congress exercised its power to set conditions for maintaining a patent, in two provisions. These maintenance conditions are statutory strings attached to every utility patent extant today.

First, Congress imposed on all utility patent owners steadily increasing periodic fees to maintain a patent, on pain of termination of the patent should the fee not be paid. Act of Dec. 12, 1980, Pub. L. No. 96-517, § 2, 94 Stat. 3015, 3017-18 (codified as amended at 35 U.S.C. § 41(b)). This maintenance fee requirement took effect upon enactment. *Id.*, § 8(a), 94 Stat. at 3027. Fees are due 3 ½, 7 ½, and 11 ½ years from patent grant. 35 U.S.C. § 41(b)(1). Failure to pay the required maintenance fee will terminate a patent even if it is being asserted in court, thereby terminating the court's power to issue an injunction against infringement of the patent.

Under the Copyright and Patent Clause of the Constitution, Art. I, § 8, cl. 8, Congress in 1980 could have imposed additional periodic conditions on patent owners for maintaining a utility patent. For example, Congress could have mirrored the trademark registration maintenance and renewal conditions imposed by the Lanham Act. 15 U.S.C. § 1058. The trademark owner must show continued use of the trademark in commerce (or special circumstances excusing such use) within one year of the sixth anniversary of the registration, or else the

registration will be canceled. *Id.* The same showing must be made again upon each request for a 10-year renewal of the original 10-year term of the registration. *Id.* Similarly, for patents, Congress could have required patent owners to again show patentability 3 ½, 7 ½, and 11 ½ years from the patent grant when paying maintenance fees. Although *Amici* do not recommend such a stricter periodic patent maintenance requirement, it would be a rational exercise of Congress's power to set conditions for maintaining the patent grant "for limited Times." It would not encroach upon the authority of the Judicial Branch.

Instead of any such additional periodic maintenance requirement, Congress imposed on individual patent owners an on-demand patentability defense as a condition to maintain their patents. Specifically, in 1980, in the same Act establishing maintenance fees, Congress established patent reexamination, requiring patent owners to defend patentability when challenged. Act of Dec. 12, 1980, Pub. L. No. 96-517, § 1, 94 Stat. 3015 (codified as amended at 35 U.S.C. Ch. 30). The reexamination statute took effect on July 1, 1981, and by its terms applied to unexpired patents issued before or after that date. *Id.*, § 8(b), 94 Stat. at 3027. Reexamination reapplies the same 35 U.S.C. §§ 102, 103 "conditions for patentability" applied when issuing the patent.

Requiring a patent owner to again show entitlement to the patent does not encroach on the authority of the Judicial Branch any more than requiring trademark registrants to again show use of

the trademark. Rather, it is a rational exercise of the constitutional authority vested in the Legislative Branch to legislate to grant patents "for limited Times" to promote the progress of the useful Arts.

An inter partes review is another, substantively identical, on-demand condition for maintaining a patent. Like reexamination, it too reapplies the same 35 U.S.C. §§ 102, 103 "conditions for patentability" applied when issuing the patent. This patent-maintenance condition fits squarely within the authority granted Congress in Art. I, § 8, cl. 8 of the Constitution. This Article I basis for inter partes review supports Respondents' position that inter partes review is an exercise of Legislative and Executive authority, not Judicial authority.

IV. Since 1980 Patent Applicants Have Consented To Substantive Reconsideration Of Patentability By The Patent Office.

The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, was enacted September 16, 2011. Every patent applicant since then has sought patent protection knowing that defending patentability in an inter partes review, when needed, would be one condition for maintaining any patent obtained.

Petitioner obtained its patent before 2011. But, like every other patent applicant since December 12, 1980, Petitioner consented to reexamination as a condition for maintaining its patent. Petitioner knew that the patent it sought would be subject to a

reexamination request by anyone in the world at any time, including the Commissioner (now Director) of Patents, potentially leading to early cancellation of the patent. And, as noted, the substance of that reexamination to which it consented, is identical to inter partes review.

CONCLUSION

Like reexamination, inter partes review is a rational exercise of the Legislative power to impose maintenance conditions on the term of a patent, not an exercise of Judicial authority.

Respectfully submitted,

Andrew M. Mason
John D. Vandenberg
Counsel of Record
KLARQUIST SPARKMAN, LLP
121 SW Salmon St., Ste. 1600
Portland, OR 97204
503-595-5300
john.vandenberg@klarquist.com

Attorneys for the Amici Curiae